

IPACG/46

22 October 2020

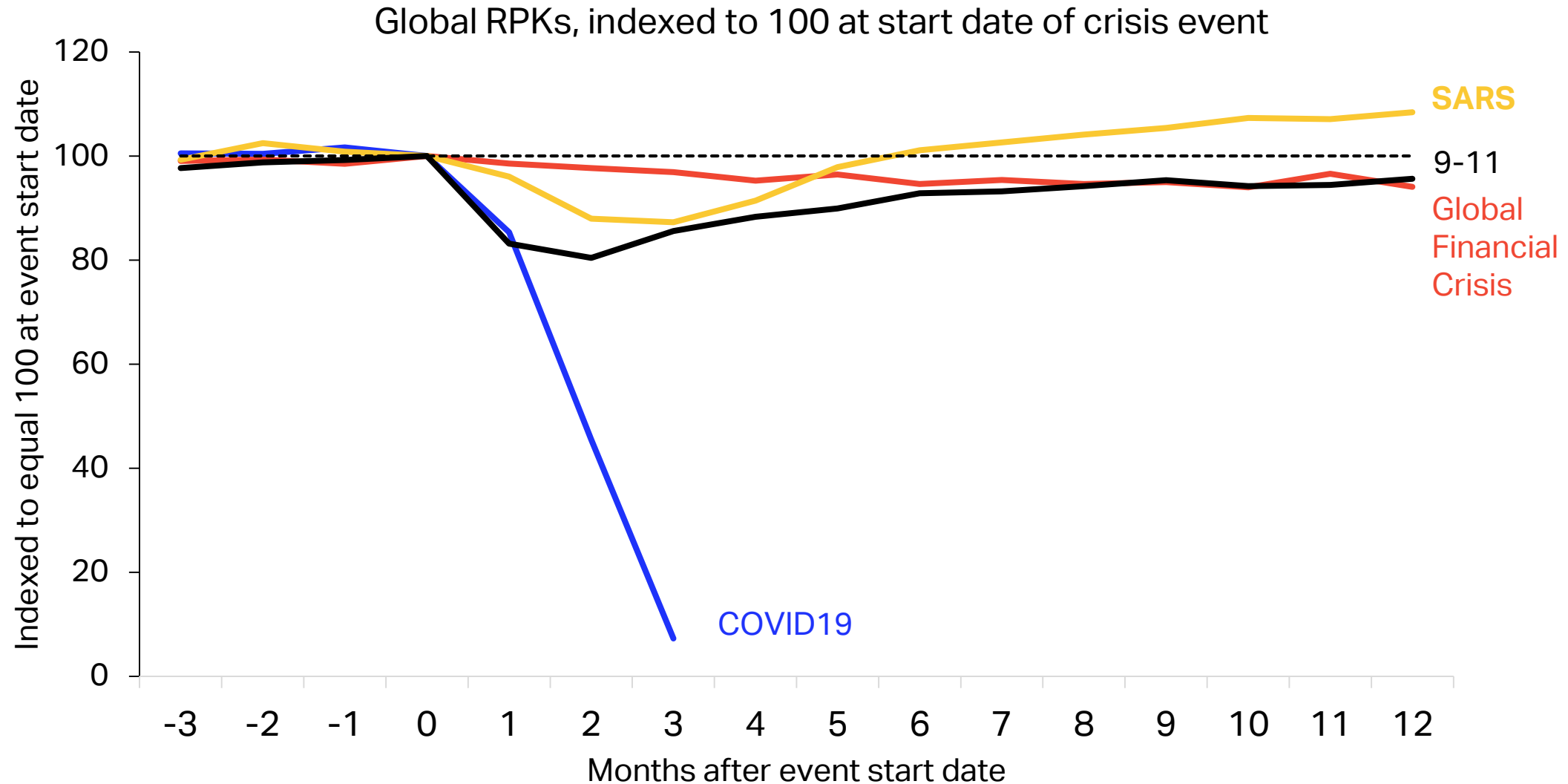
Blair Cowles
Regional Director
IATA Safety and Flight Operations
Asia Pacific



TOTAL LOSSES (EST. 2020 US\$)		DEMAND (RPK, 2020)
✕ \$84.3 billion		↓ 54%
WORLDWIDE FLIGHTS OPERATED		
AUGUST 2019 3.14 million	AUGUST 2020 1.52 million	↓ 52%
TOTAL REVENUE LOSSES (EST. 2020 US\$)		
✕ \$419 billion		↓ 50%

Depth of COVID19 impact far exceeds previous crises

RPKs fell 20% after 9-11 and 12% after SARS vs **95%** fall in April 2020



Airline industry hit particularly hard by the crisis

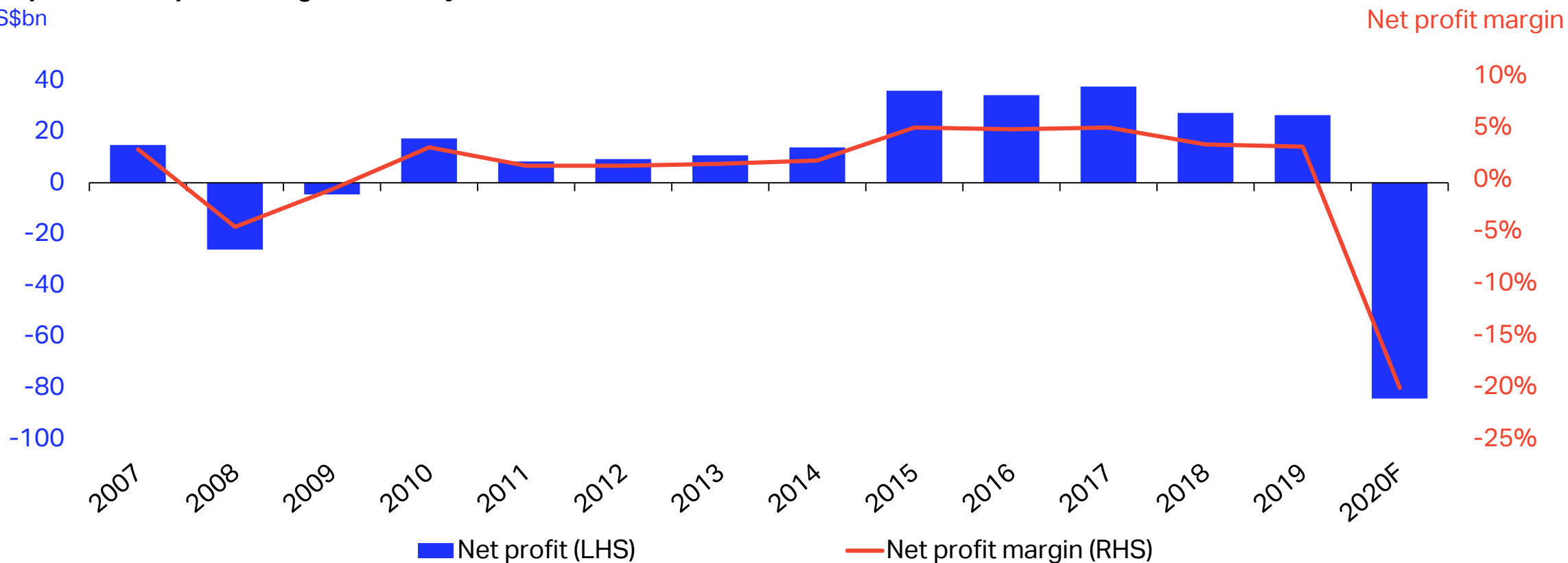


Source: IATA Economics

Record financial loss expected in 2020

Net profit & Net profit margin - Industry

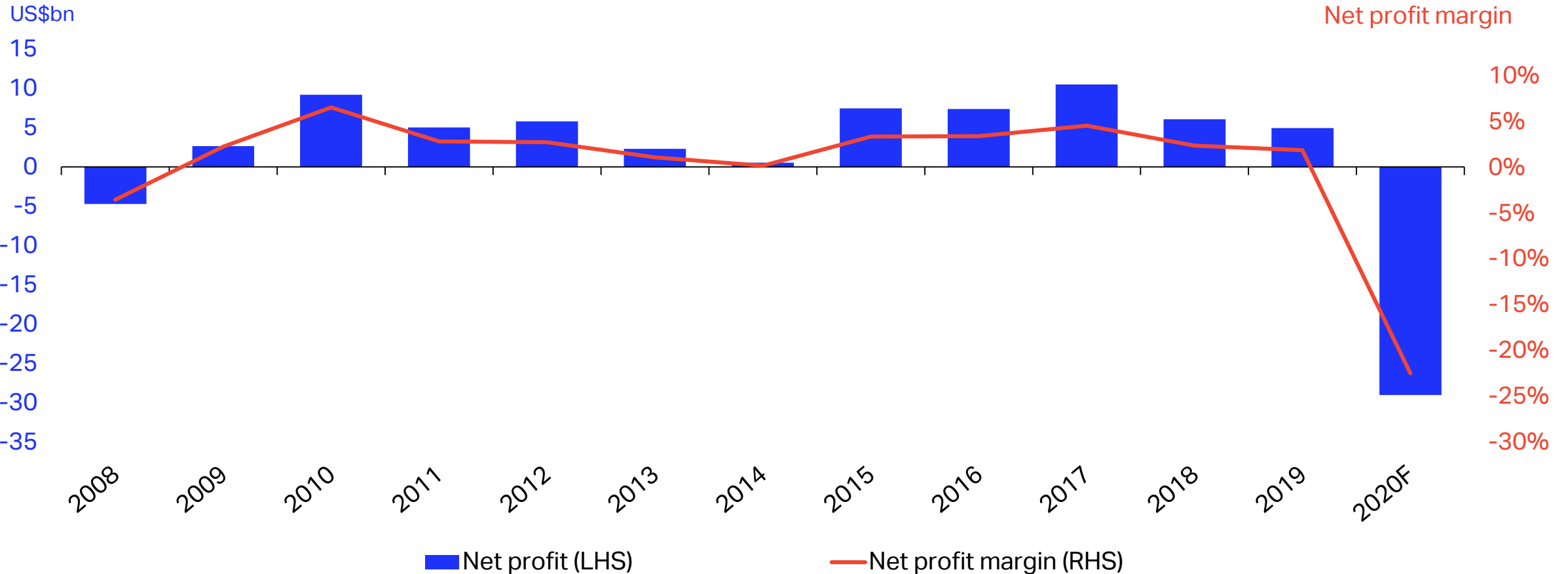
US\$bn



Source: IATA

Regional (net) profitability – Asia Pacific

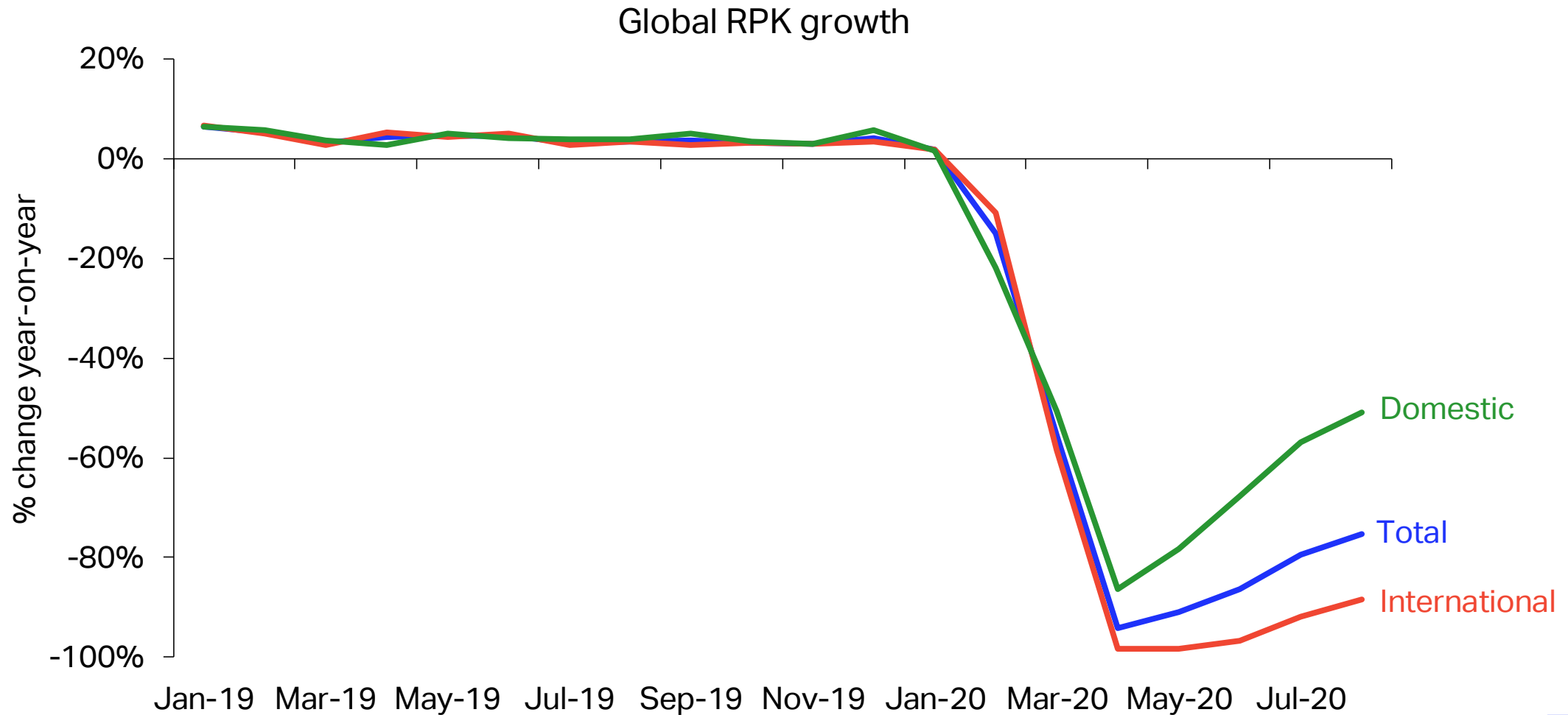
Net profit & Net profit margin - Asia Pacific



Source: IATA

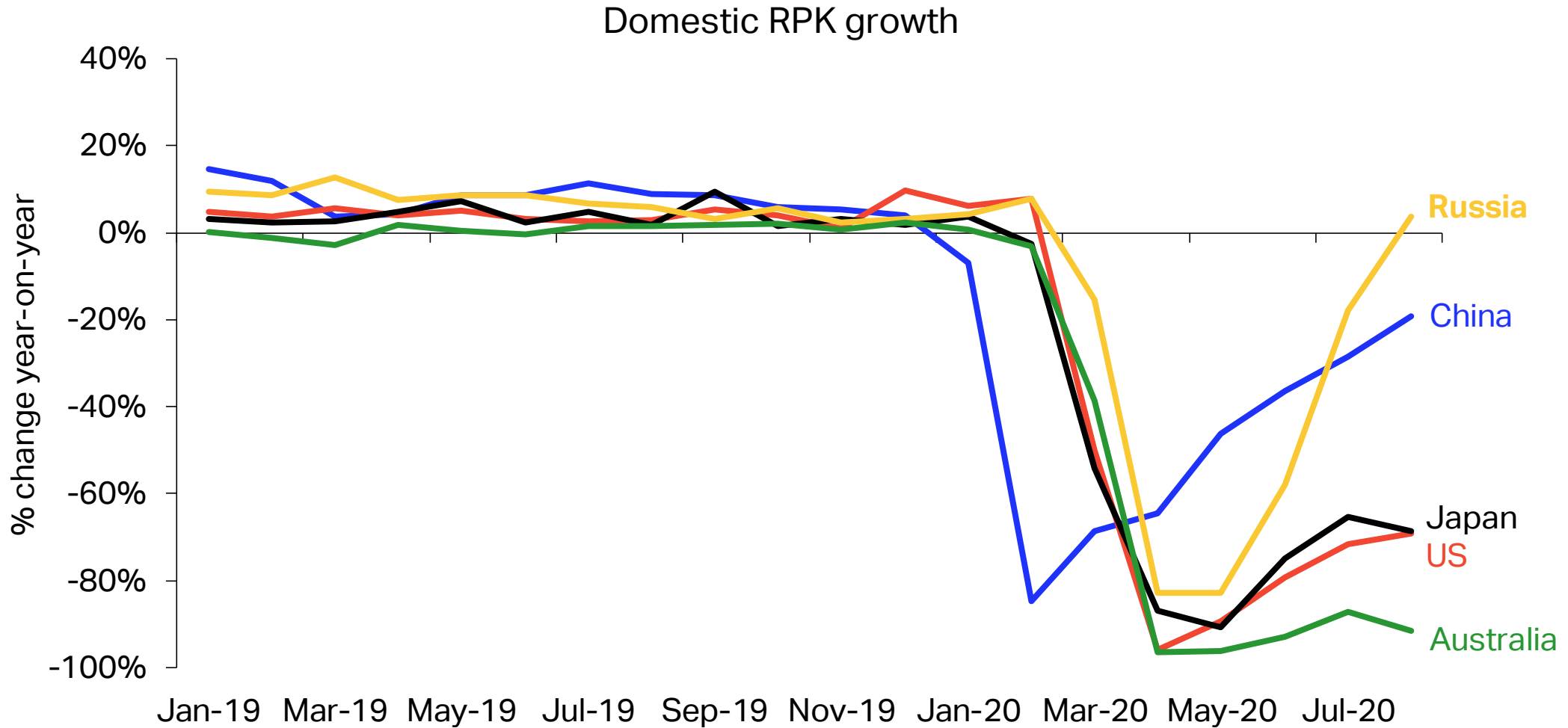
Pace of air travel recovery slowed in August

Continued weakness on international markets holding back recovery



Huge variations in domestic air travel markets

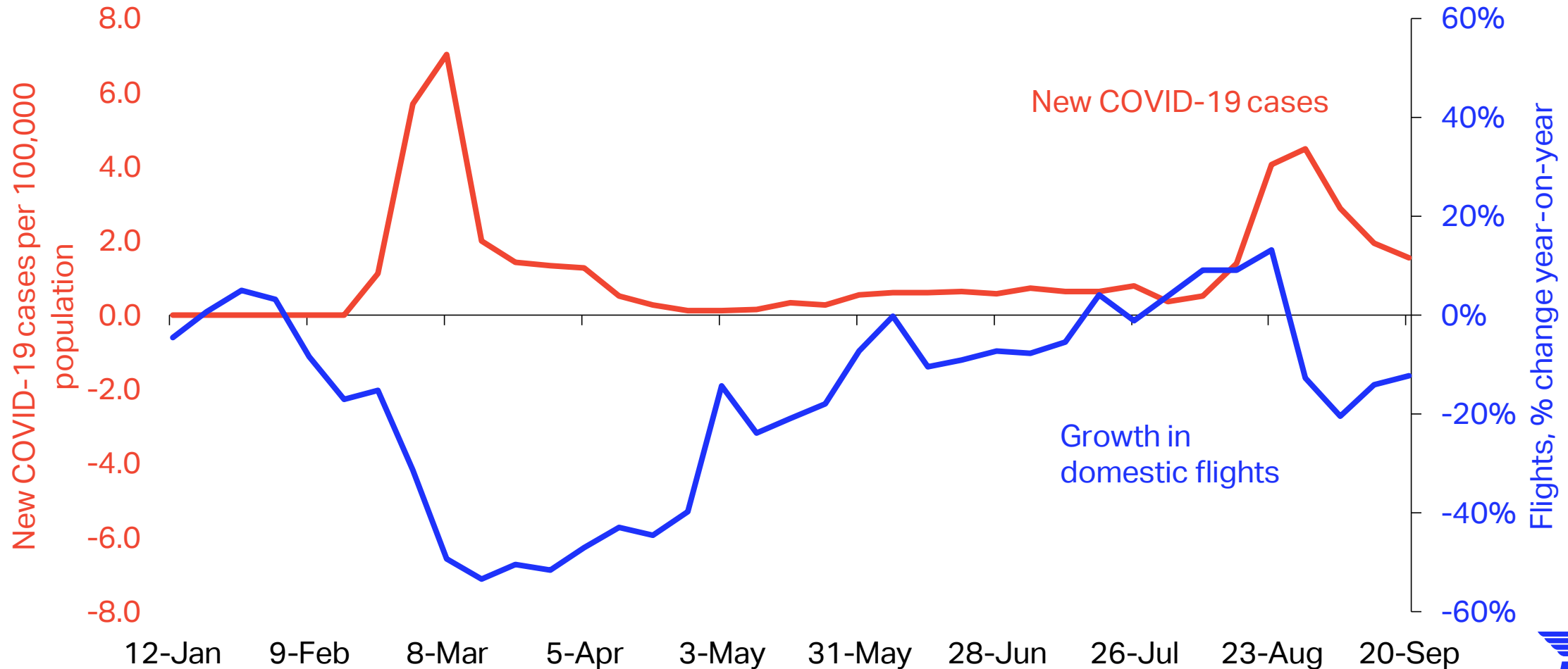
Russia recovered pre-crisis levels, while Australia remains grounded



Even domestic markets sensitive to COVID-19 profile

2nd waves COVID-19 cause travel restrictions and damage confidence

Korea domestic air travel market



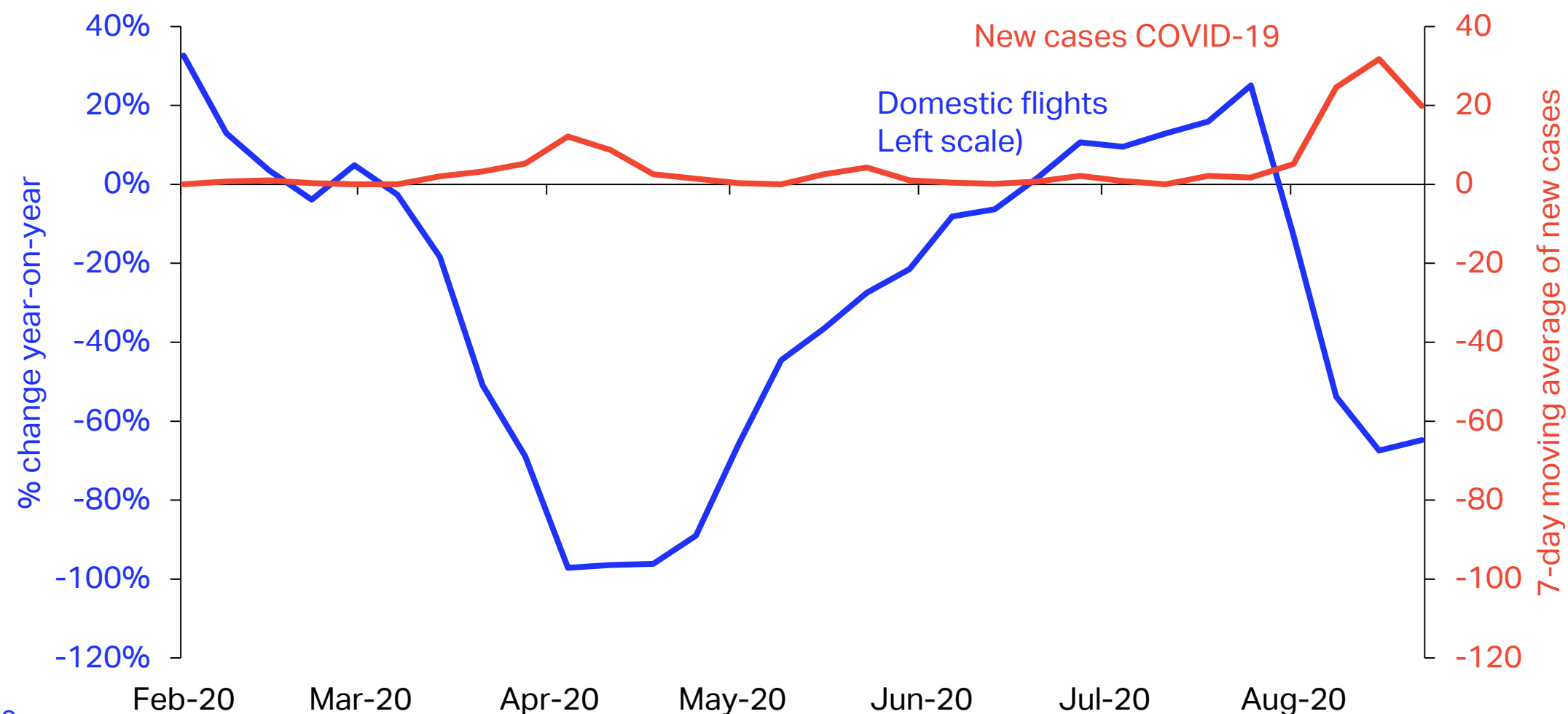
Source: IATA Economics analysis based on data provided under license by FlightRadar 24, WHO



Reappearance of COVID19 reversed Vietnam's recovery

Vietnam's domestic market had recovered pre-crisis levels in July

Vietnam domestic flights and new cases of COVID-19

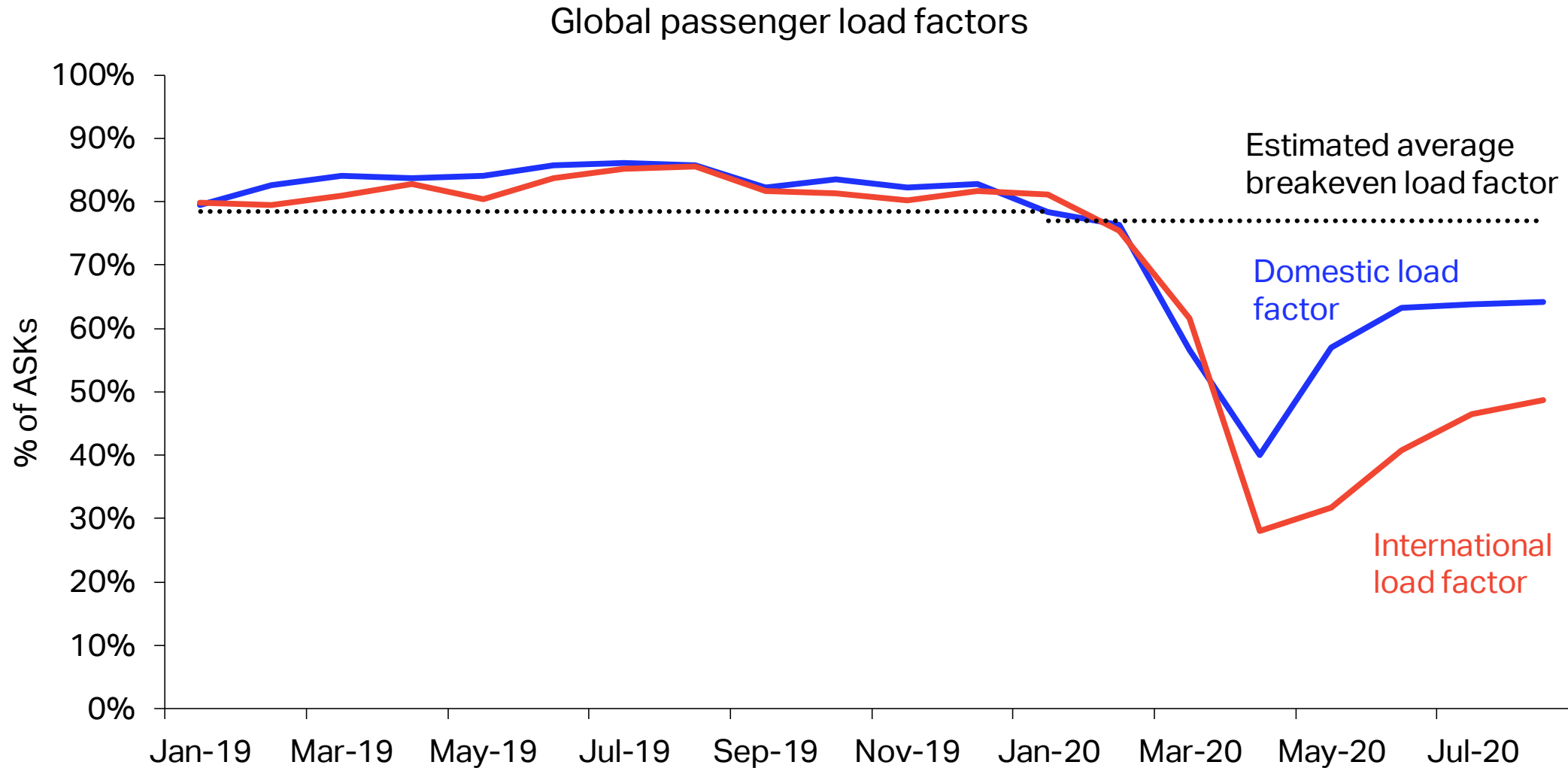


Source: IATA Economics using data from IATA Statistics and Markit Purchasing Managers Index



Load factors remain well below breakeven

Airlines need to boost load factors to stop burning through cash



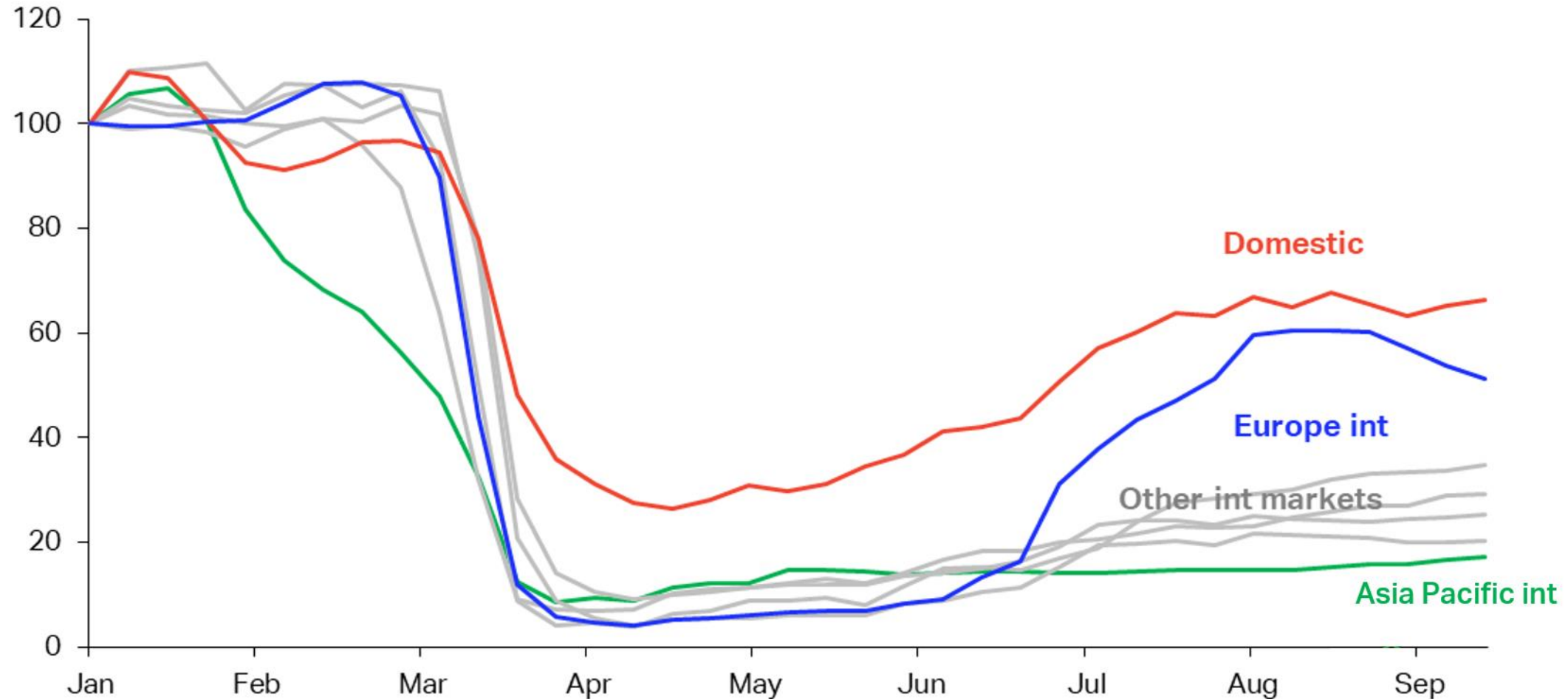
Source: IATA Economics analysis based on data from IATA Statistics



Air travel growth stalled in mid-August and September

Rising COVID-19 cases stopped further progress

Weekly flights, indexed 2nd week = 100



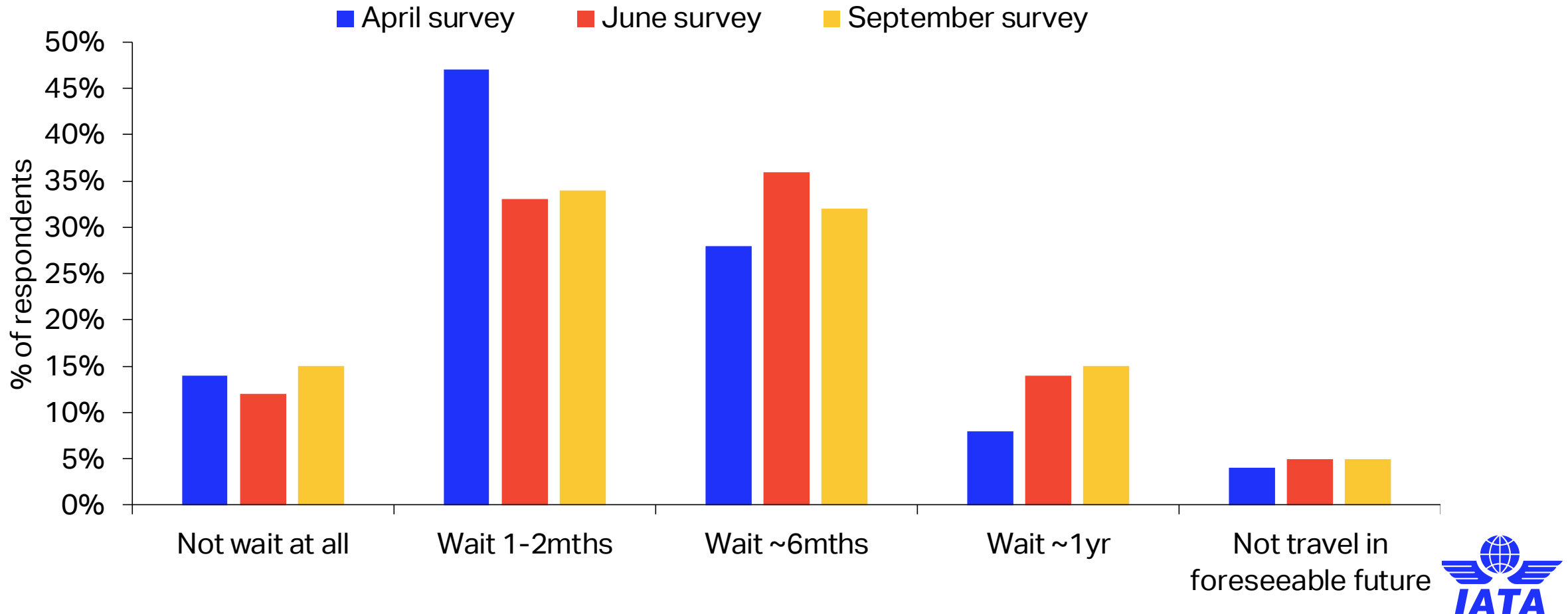
Source: IATA Economics analysis based on data provided under license by FlightRadar 24



There is a willingness to fly, but only 50% in 2020

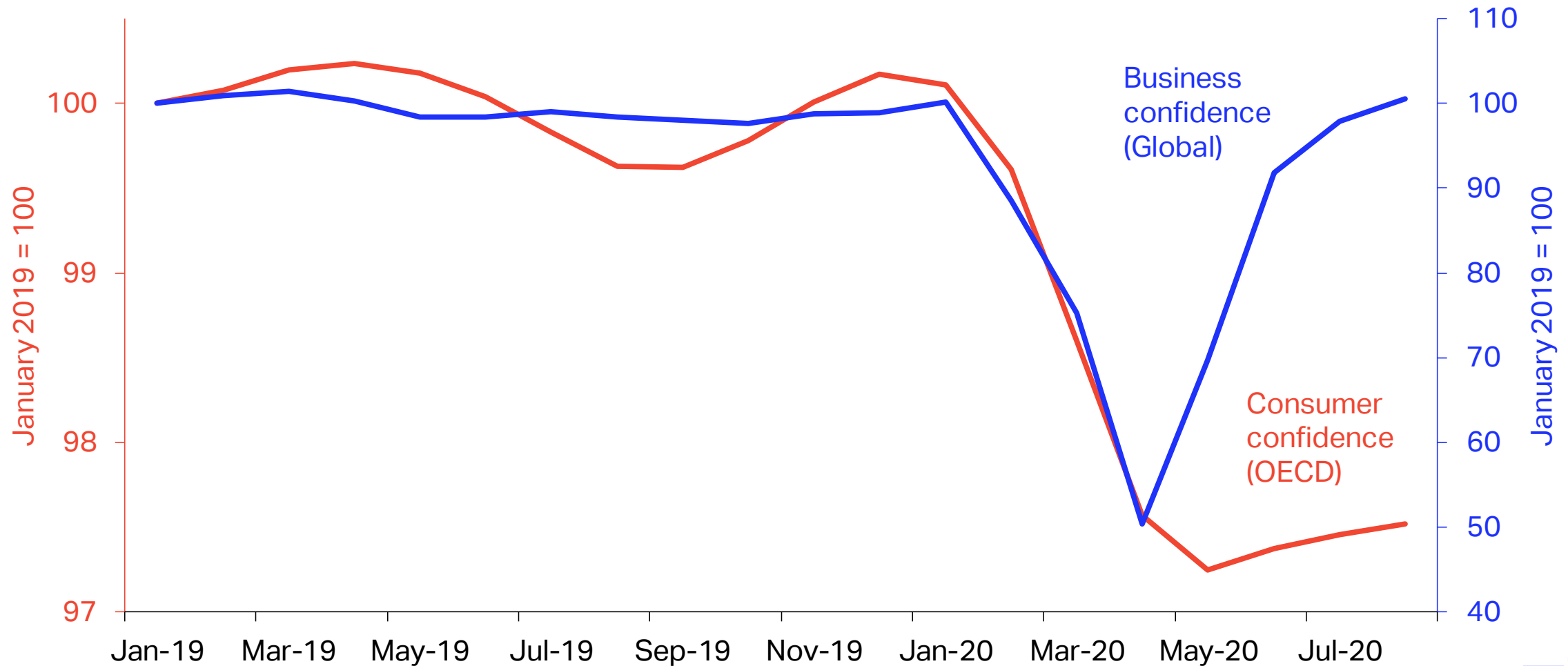
Consumer sentiment towards air travel did not improve in September

Survey question: When will you return to air travel?



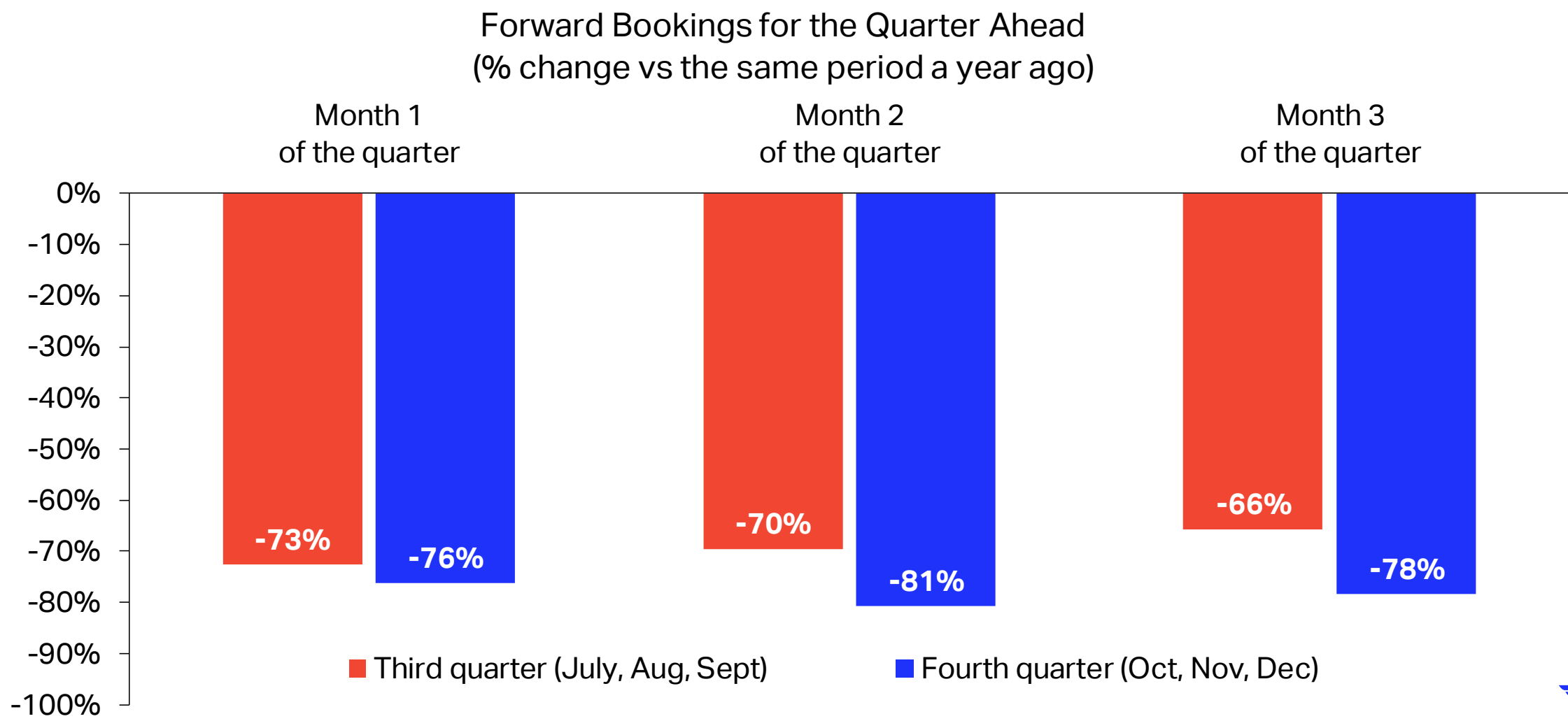
Consumers also concerned about economic future

Business confidence recovered but job losses impacting consumers



Bookings data point to a weak fourth quarter for 2020

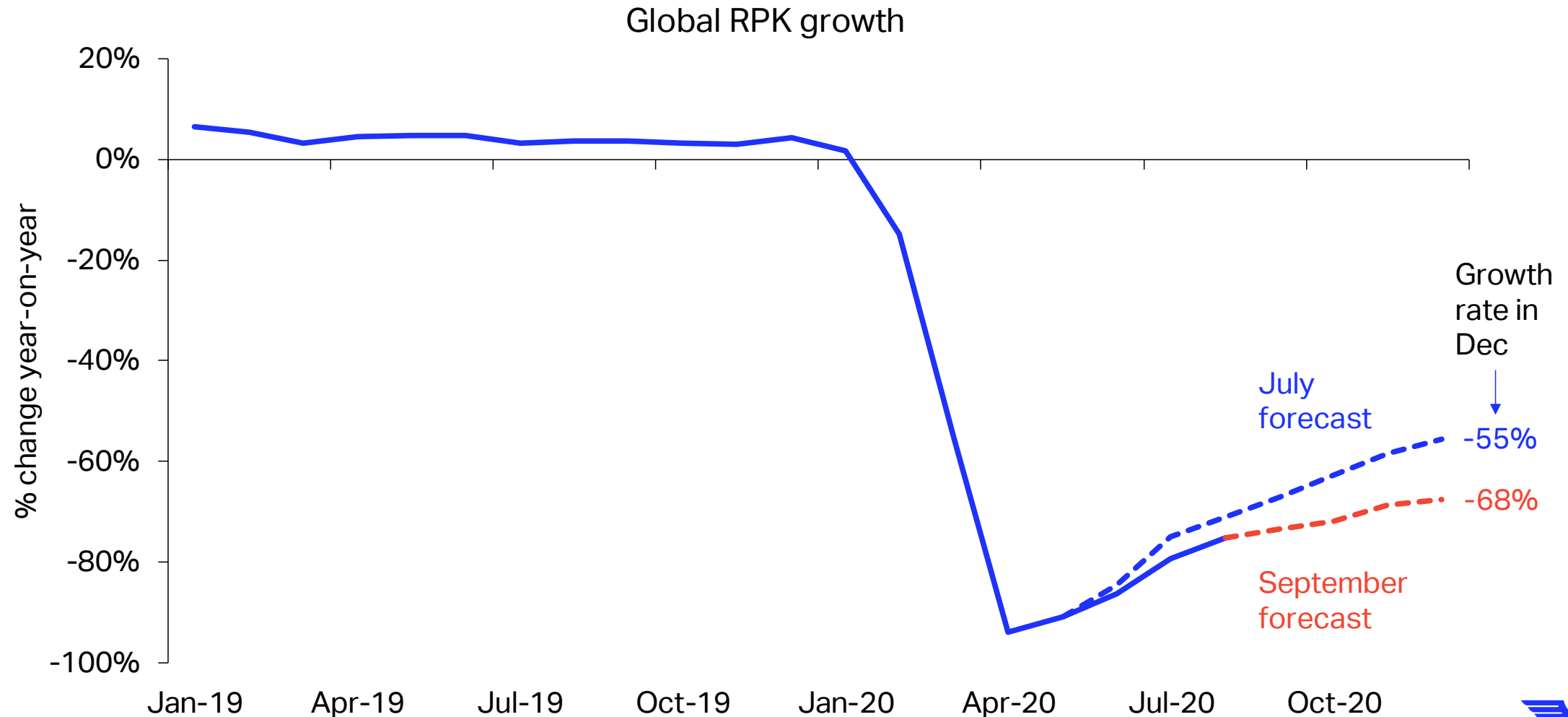
Comparison of bookings as of 10 days before start of the quarter ahead



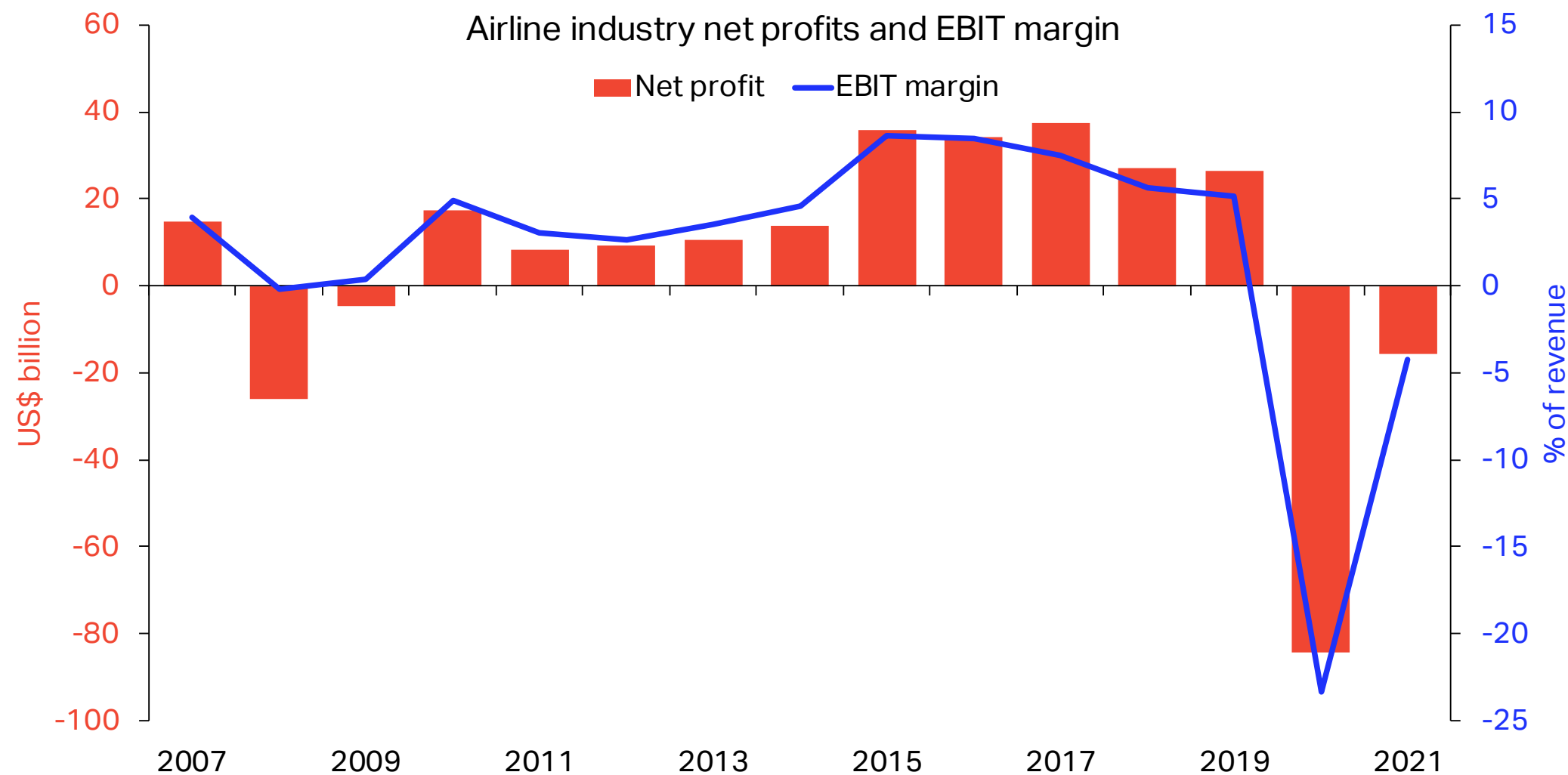
Source: IATA Economics using data from DDS

Air travel forecast downgraded for rest of this year

Slower growth to year end means 2020 avg. growth of -66% (was -63%)

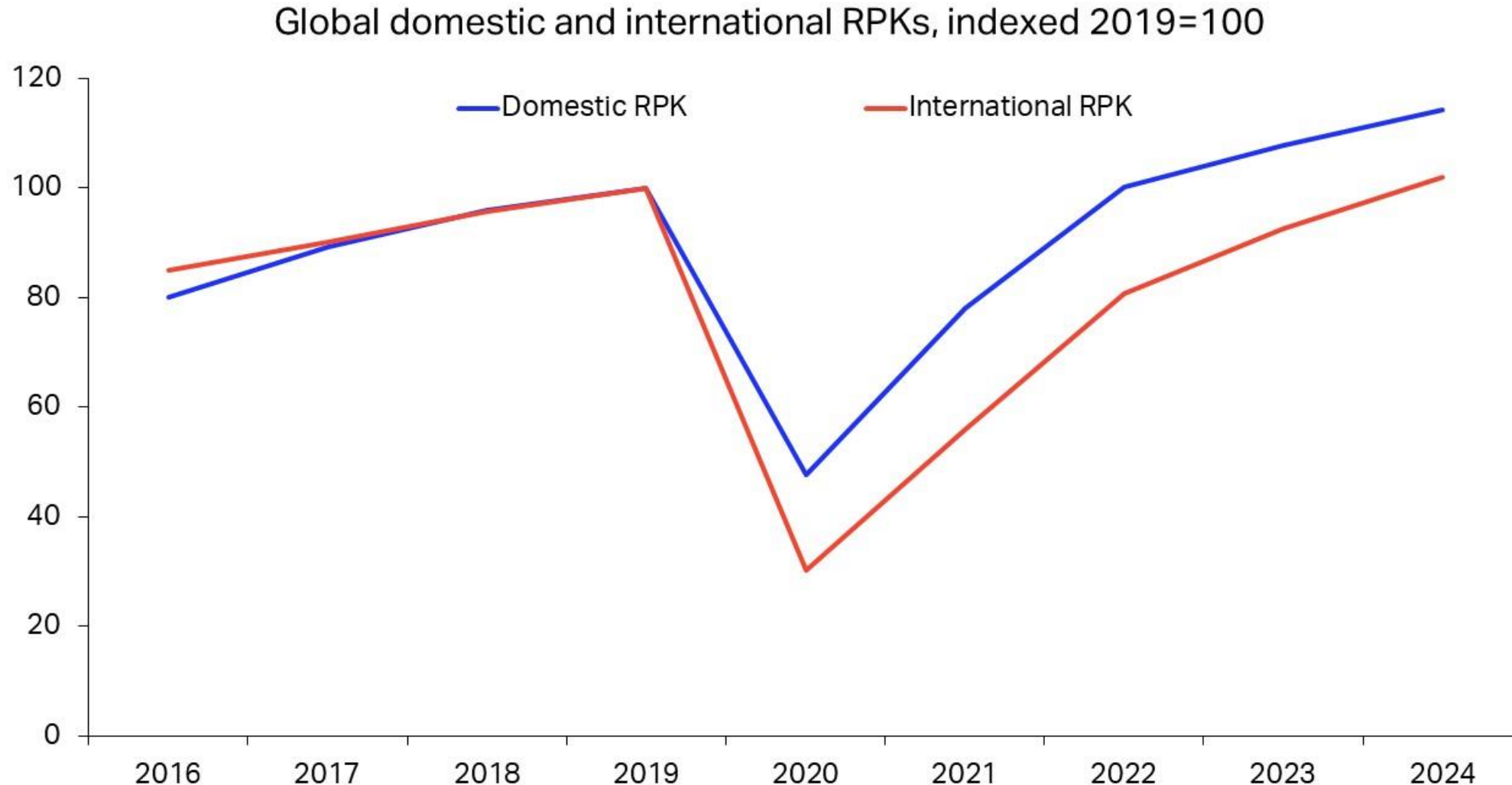


Global airline revenues will fall by half from \$838 billion in 2019 to \$419 billion in 2020
After \$84 billion net loss this year we forecast further loss of \$15 billion in 2021

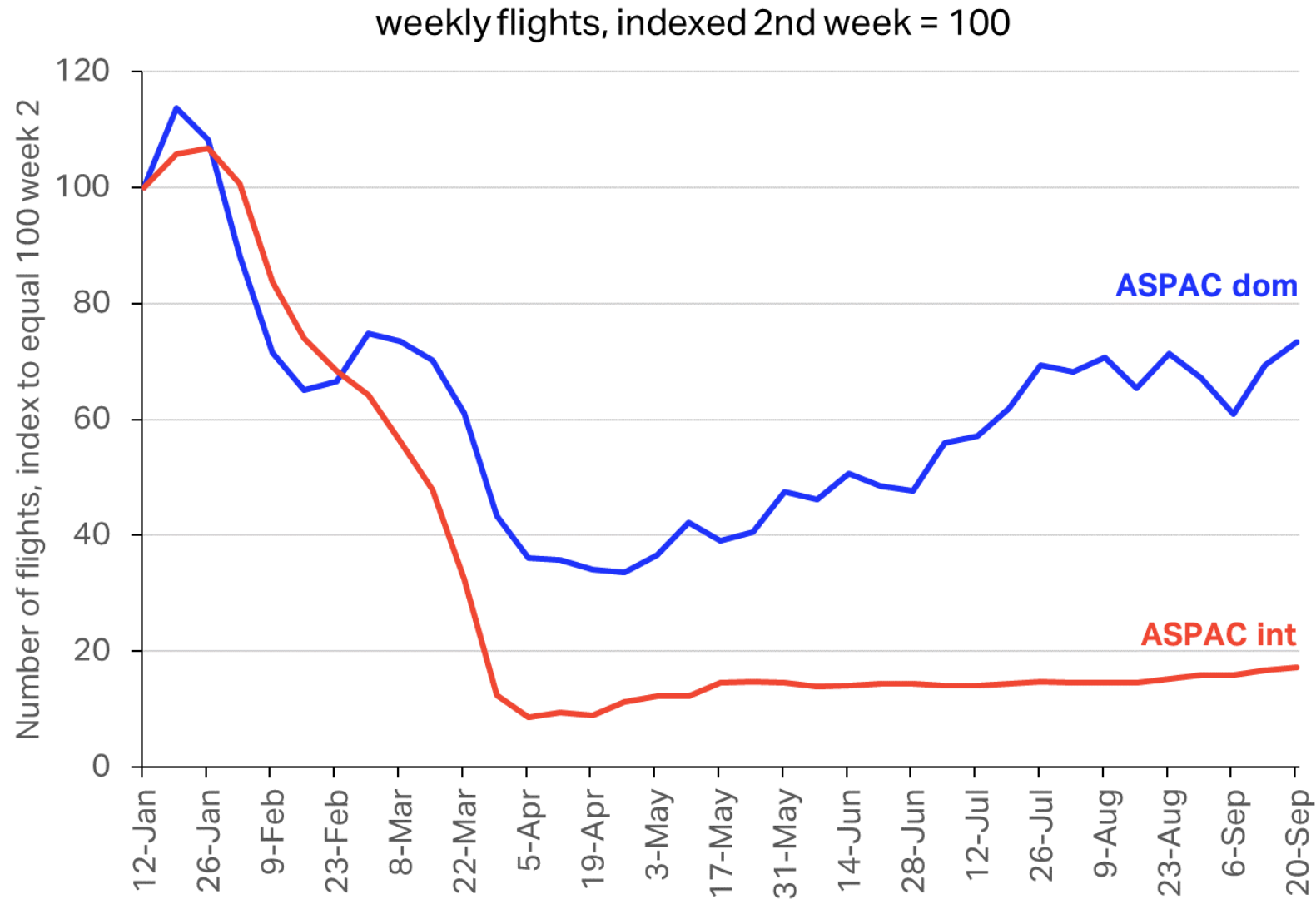


International RPKs will lag domestic air travel markets

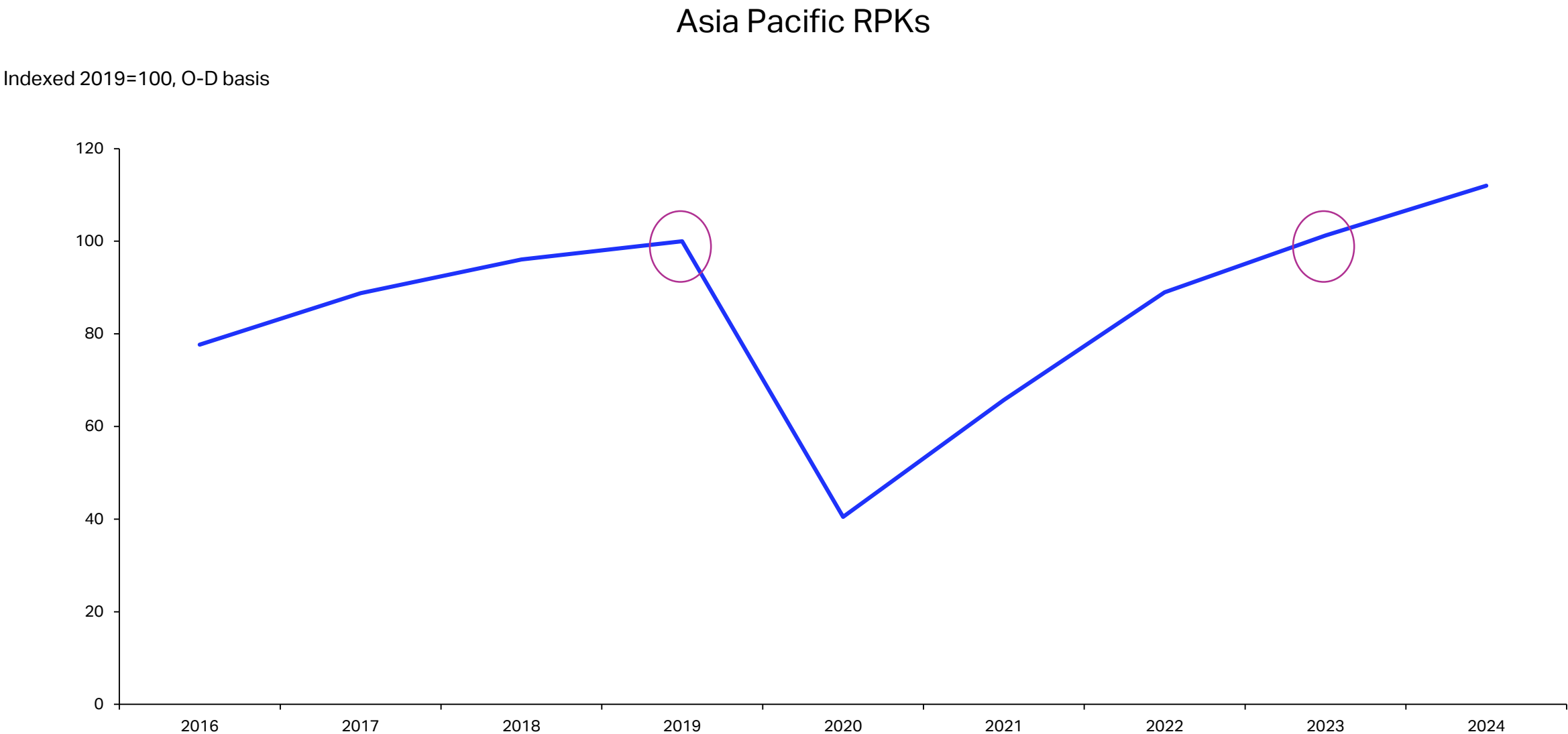
International air travel may not recover to 2019 levels until 2023-24



Asia Pacific flights remain weak in comparison to pre-COVID-19

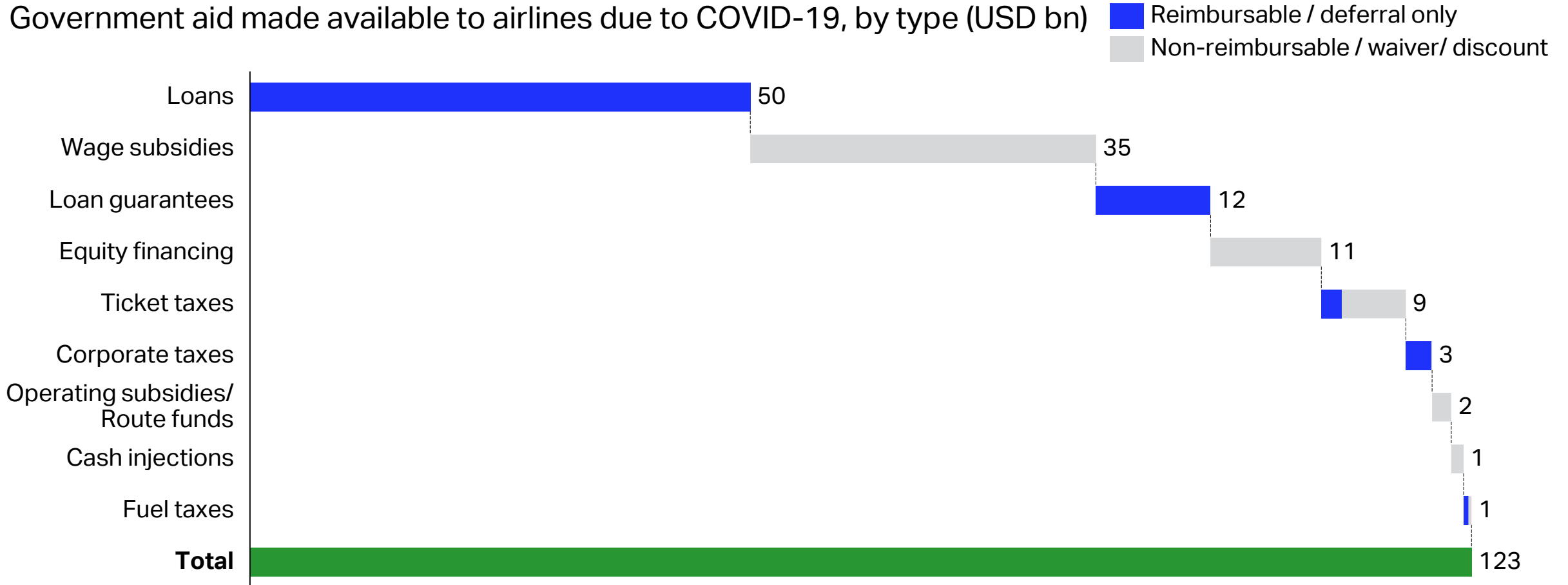


Asia Pacific RPKs will only recover to 2019 levels in 2023



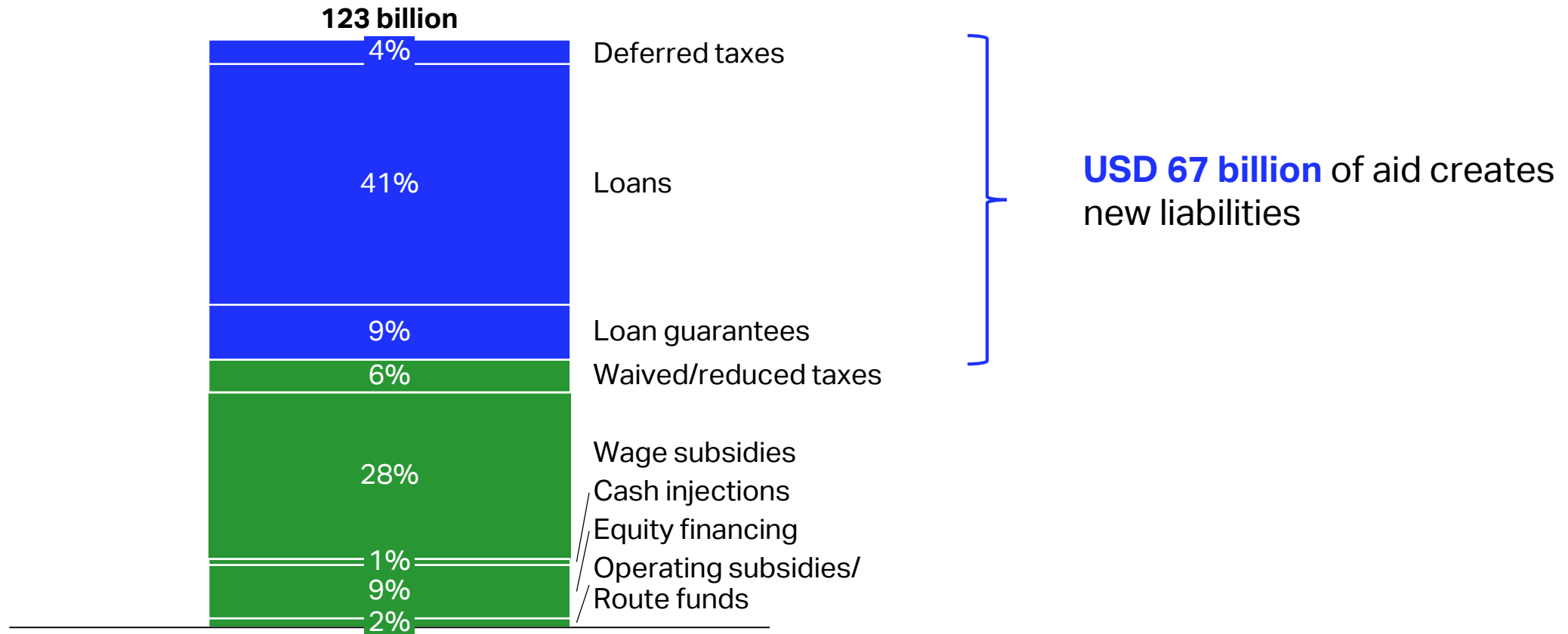
Governments have provided substantial cash aid

Airlines kept on life support in 2020 but majority of aid must be repaid



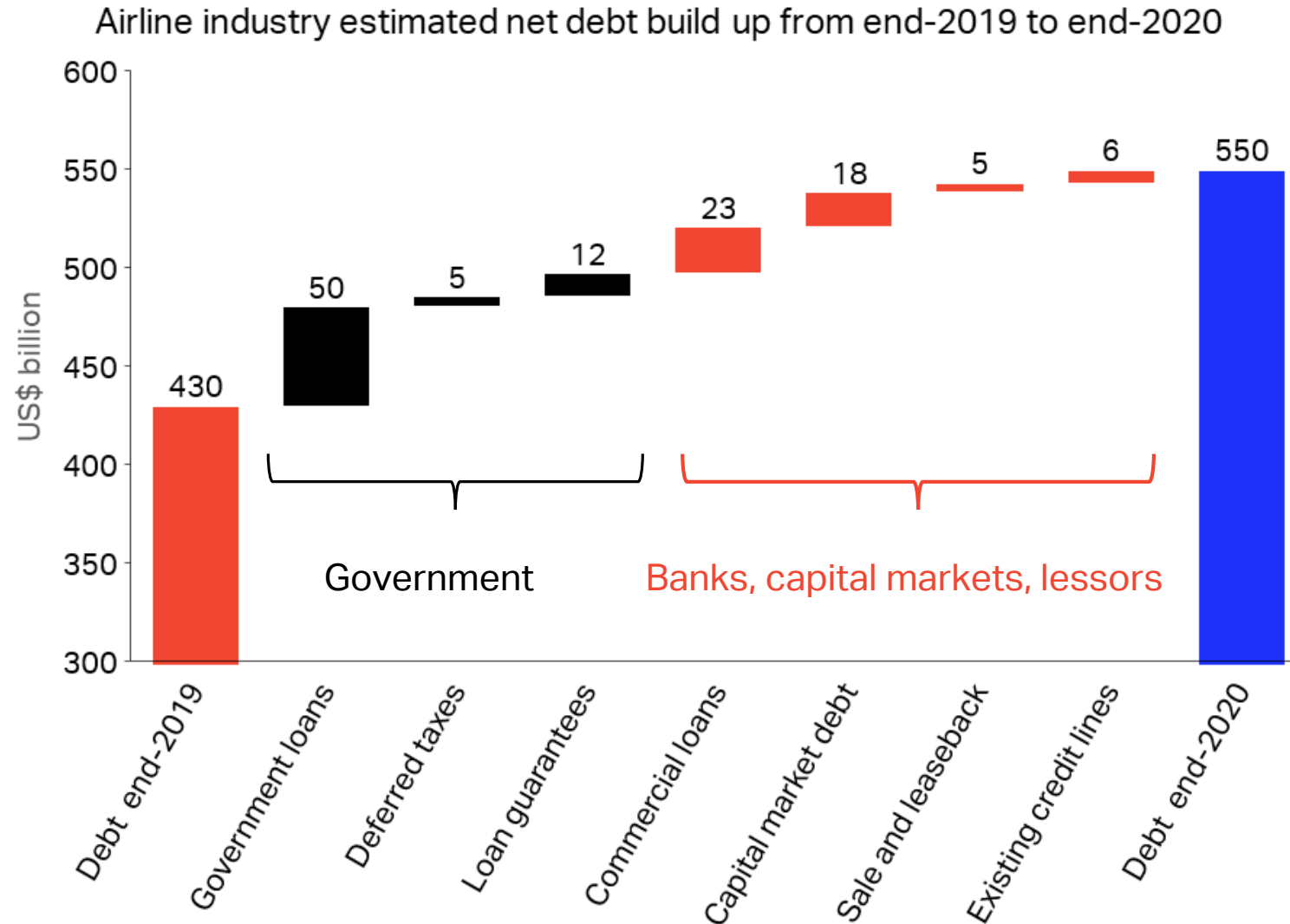
Majority of aid will leave airlines with more debt \$67bn or 55% of Government aid creates debt – only \$11bn of equity

Government aid made available to airlines due to COVID-19, by type (USD bn)

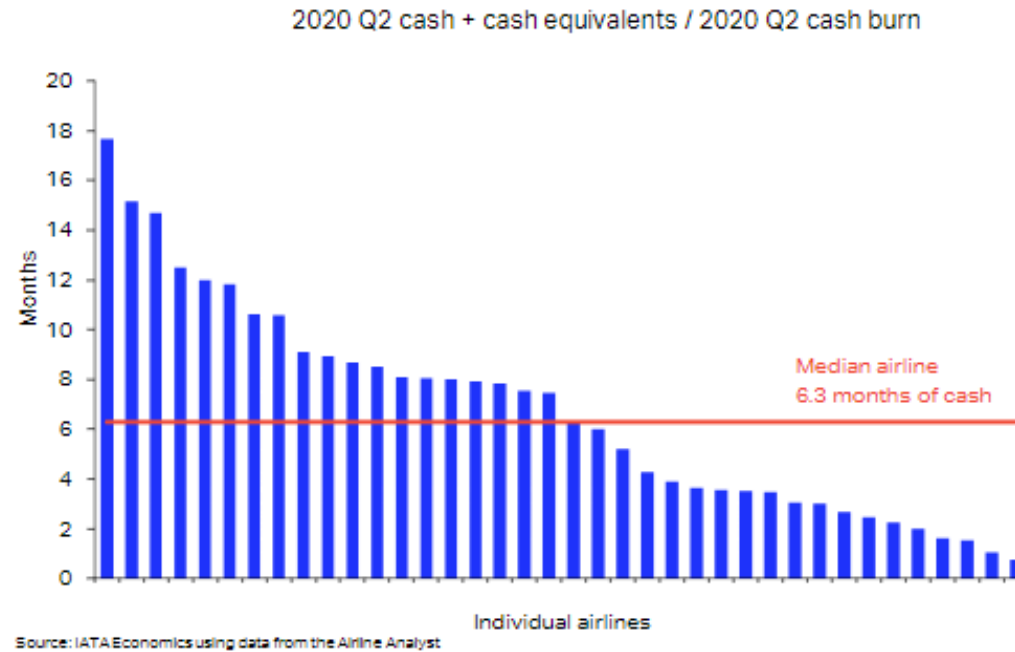


Airlines will enter 'restart' with very high levels of debt

US\$120bn rise in debt but <\$30bn new equity (\$11bn from Govt)



Airline cash burn



Why is this
important?



The global air transport industry

87.7 million

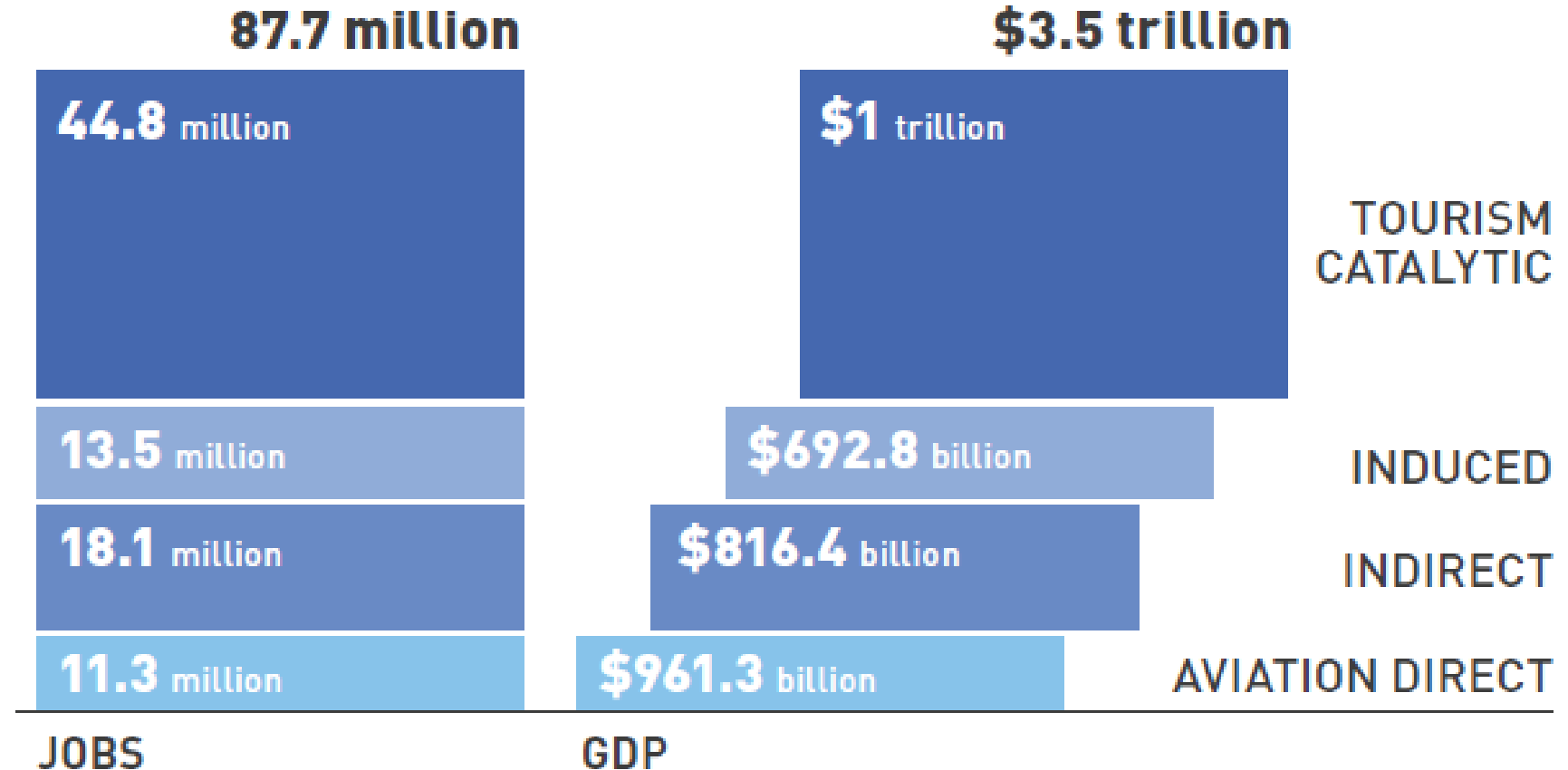
Jobs supported by aviation worldwide

\$3.5 trillion

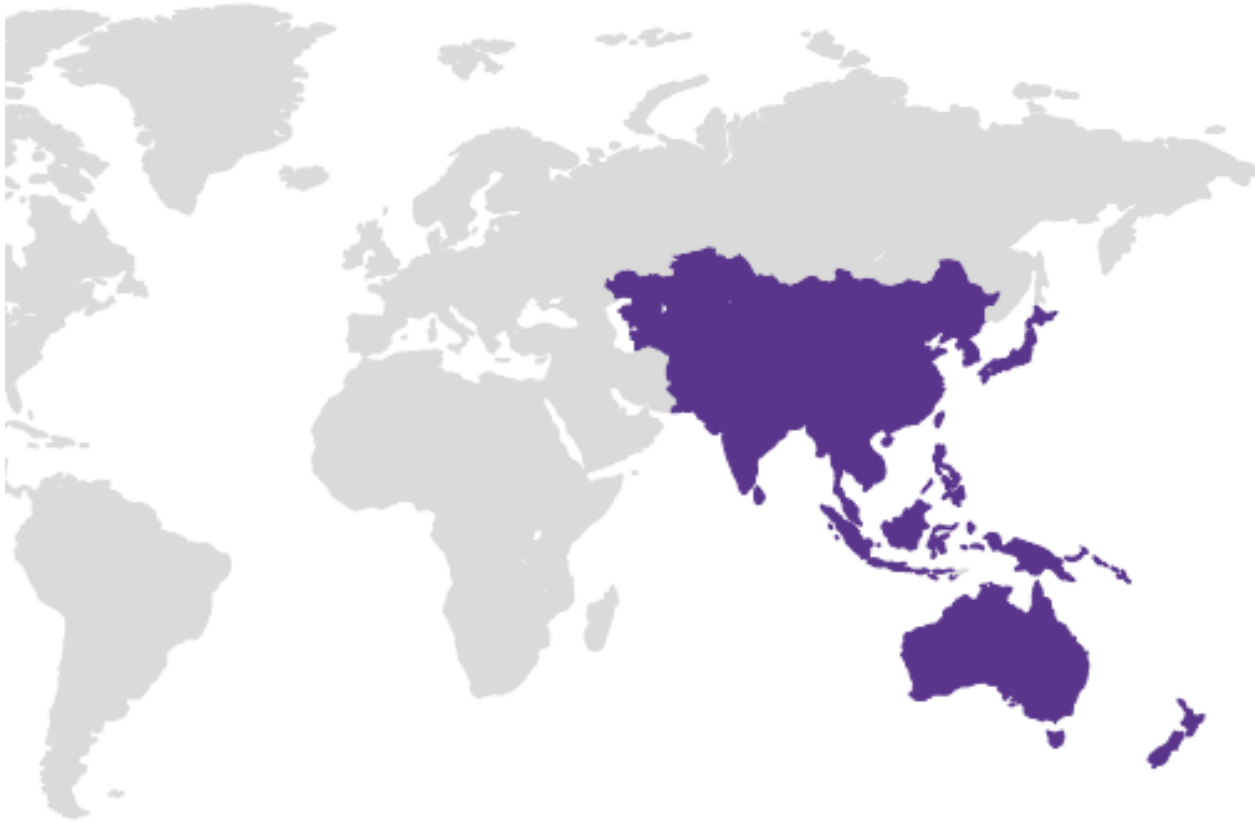
Aviation's global economic impact (including direct, indirect, induced and tourism catalytic)

4.1%

Global GDP supported by aviation



In Asia Pacific, air transport supports...



...46.7 million
jobs and
\$944 billion
of GDP

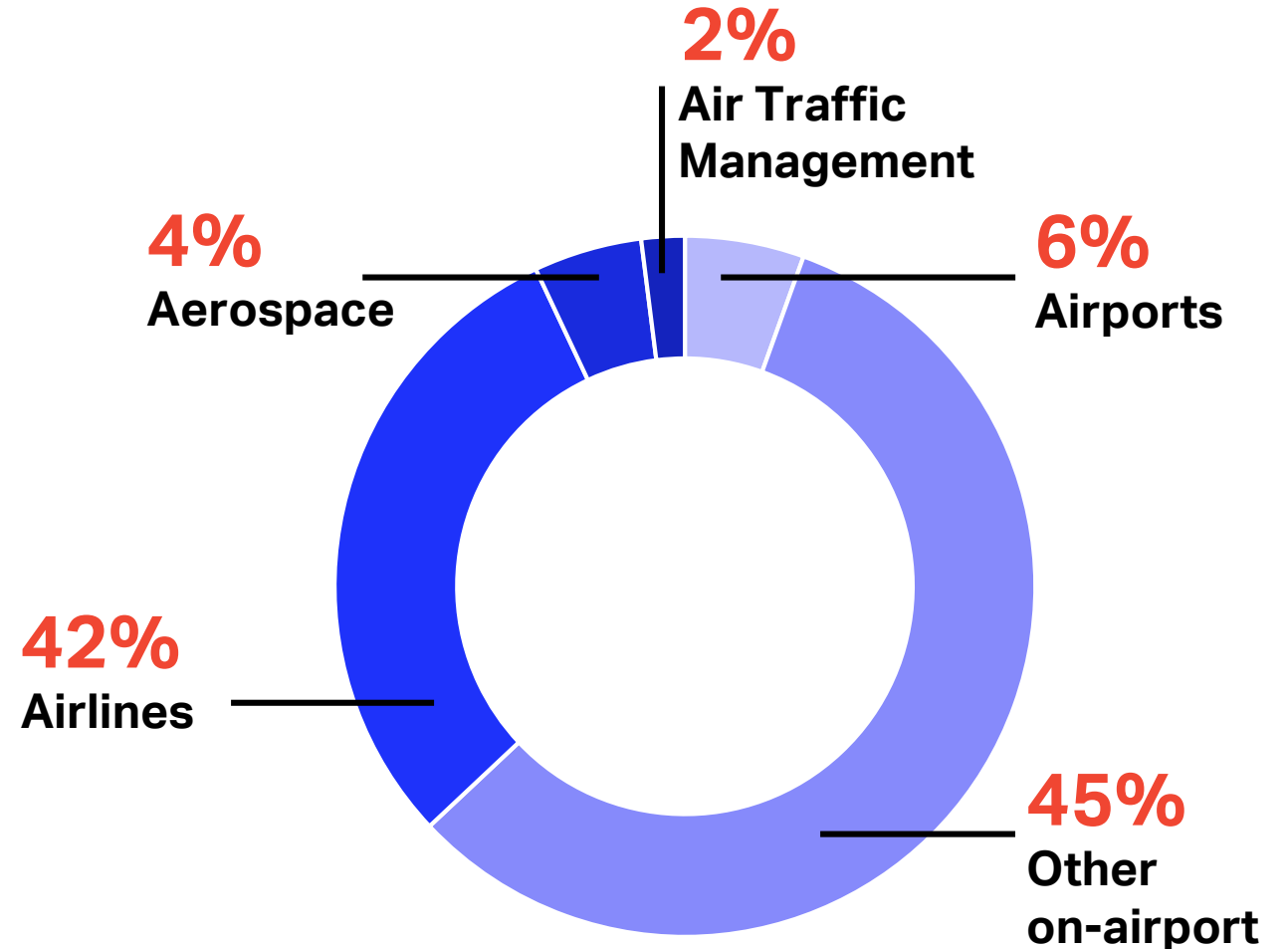
Asia Pacific: total jobs and GDP supported by air transport

Jobs total
46.7m

GDP total
\$944bn

25.4m	Tourism catalytic	\$354bn
7.0m	Induced	\$162bn
10.1m	Indirect	\$203bn
4.2m	Aviation direct	\$225bn

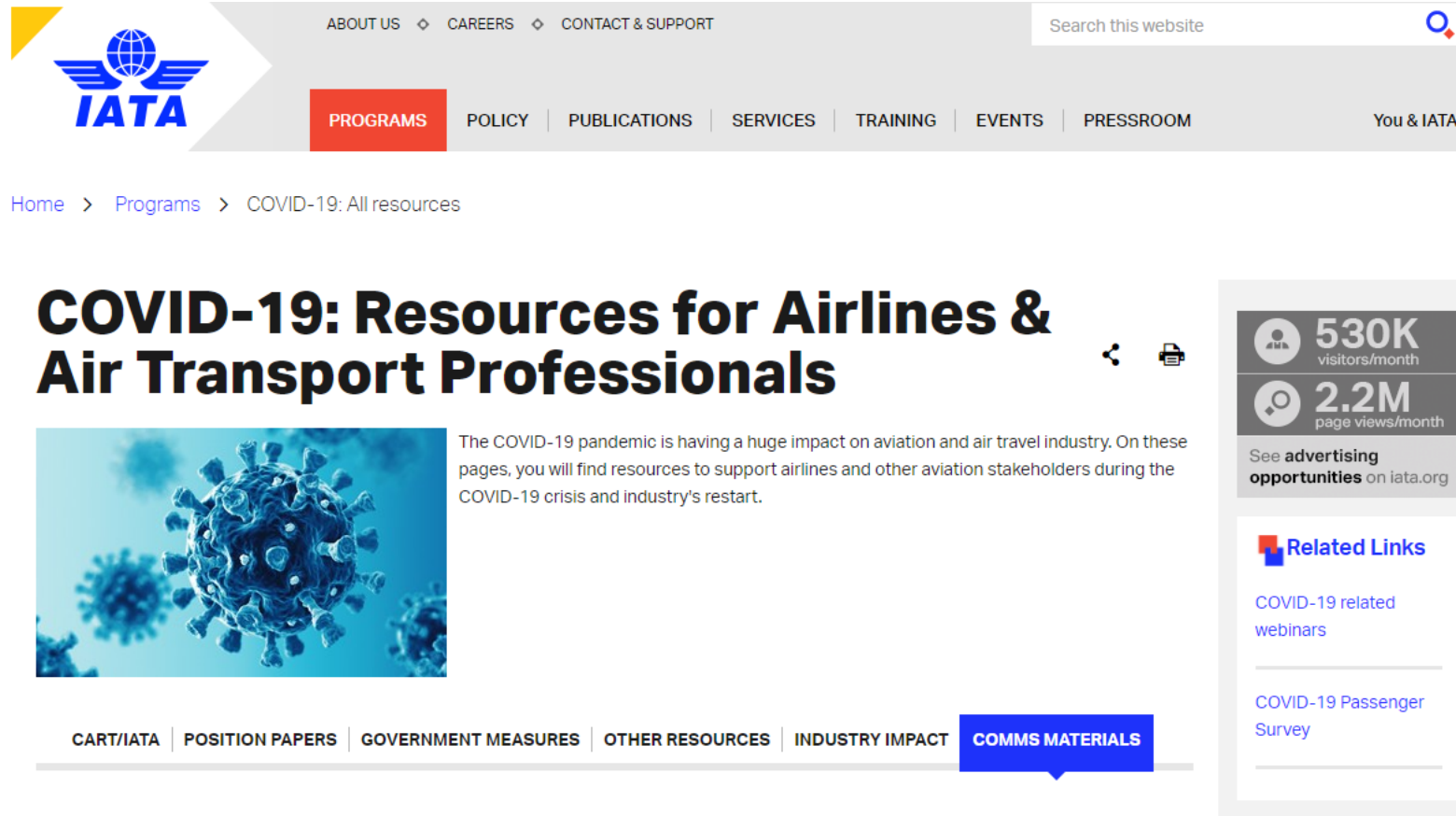
Asia Pacific: direct jobs generated by air transport



Source: ATAG



IATA COVID Resources



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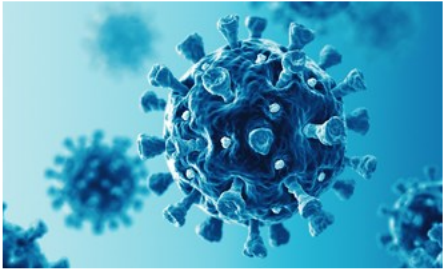
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Home > Programs > COVID-19: All resources

COVID-19: Resources for Airlines & Air Transport Professionals



The COVID-19 pandemic is having a huge impact on aviation and air travel industry. On these pages, you will find resources to support airlines and other aviation stakeholders during the COVID-19 crisis and industry's restart.

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Thank you

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